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ANNE MARIE LANGAN
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TO: Krystal A. Crittendon, Corporation Counsel
Law Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 23, 2010

RE: 2010-2011 Budget Analysis

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Attached is our analysis regarding your department's budget for the upcoming 2010-2011 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, April 28, 2010 at 10:30 am**. We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Council Members and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

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Attachment

cc: Council Members
Council Divisions
Auditor General's Office
Norman White, Chief Financial Officer
Thomas Lijana, Group Executive, Finance Department
Pamela Scales, Budget Director
Donna McAlister, General Manger - Budget
Kamau Marable, Mayor's Office

Law Department (32)

FY 2010-11 Budget Analysis by the Fiscal Analysis Division

Summary

The Law Department is a general fund agency. The recommended 2010-11 Budget totals \$19.6 million, a decrease of \$190,320 (1.0% decrease) from the current fiscal year. The departmental revenues are decreasing by \$997,073 (38.2% decrease). The department's net tax cost is \$17.9 million, which is a decrease of \$806,753 (4.7% decrease).

2009-10 Surplus/(Deficit)

The Administration anticipates that the Law Department will end up the current fiscal year with a deficit of \$1.0 million. The department surplus is the net of an estimated appropriation deficit of \$185,732, and a revenue deficit of \$832,999.

Overtime

The department has an overtime budget of \$26,791 in the current fiscal year. As of March 31, 2010, the department spent \$12,868 in overtime, 52.0% of the budget. The recommended overtime budget for 2010-11 remains at \$26,791.

Personnel and Turnover Savings

The Mayor recommends deleting a net of 5 positions. On March 31, 2010 there were 9 vacant positions in the Law Department.

The Mayor is not recommending any turnover savings for the Law Department for fiscal year 2010-11.

Following is information by appropriation comparing current FY 2009-10 positions, as of March 31, 2010 filled positions and FY 2009-10 recommended positions.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2009- 10</u>	<u>Filled Positions 3/31/2010</u>	<u>Mayor's Budget Positions FY 2010- 11</u>	<u>Over/(Under) Actual to 09/10 Budget</u>	<u>Mayor's Recommended Turnover</u>
Law Department (32):					
00527 Administration & Operations	124	122	119	(2)	\$ -
32XXXX Leave of Absence	0	0	0	0	\$ -
32XXXX Worker's Comp	0	(1)	0	0	\$ -
32XXXX Unmatched Positions	0	2	0	2	\$ -
TOTAL	124	123	119	(1)	\$ -

Professional and Contractual Services

Law (32)

<u>Budgeted Professional and Contractual Services by Activity</u>	<u>FY 2009-10 Budget</u>	<u>FY 2010-11 Recommended</u>	<u>Increase (Decrease)</u>
Administration	\$ 1,666,759	\$ 1,646,759	\$ (20,000)
Legislative Liaison	900,000	692,000	(208,000)
Total	\$ 2,566,759	\$ 2,338,759	\$ (228,000)

Significant Funding by Appropriation

<u>Appro.</u>	<u>Program</u>	
00527	Administration & Operations	<p>The program decreases by a net \$0.2 million primarily for the following reasons:</p> <ul style="list-style-type: none">• Salaries decrease by \$0.2 million. The decrease includes the elimination of five positions.• Employee benefits and pensions increase by \$0.4 million.• Contractual Services decrease by \$0.2 million.• Operating Services decreases by \$0.1 million.

Issues and Questions

1. When the Council staff was introduced to the Office of Restructuring or the "OR Room" initiative they were informed that over 700 different services were identified as being provided by the city to citizens. Provide to Council, in your priority order, the services performed by the Law Department that are included in the OR Room listing. Include the basis for the Law Department providing each listed service, such as, charter, state statute, etc., and what other options exist to provide the service if the Law Department were to discontinue providing the service.
2. For the appointed positions included in the 2010-11 Mayor's Recommended Budget for the Law Department indicate which positions have a city vehicle assigned, receive a vehicle stipend, or are paid mileage in the current fiscal year. What will be the situation during the 2010-11 fiscal year?
3. Explain the reduction of nearly \$1.0 million in estimate revenue included in the recommendation. Can any effort be made that would allow collection of this revenue? What are the sources for the revenues the Law Department collects?
4. For the revenue collected by the Law Department, what is the basis of the fees? When was the last analysis made that determined the fees were appropriate?

5. If additional funding were identified for the Law Department, would your recommendation be to restore staff positions or increase the contractual services amount. Explain the rationale.
6. Should additional reductions in the overall budget be necessary, identify options in your agency where opportunities exist for cost reductions or revenue enhancements for the Council to consider.
7. Are settlements and judgments against the City made in a timely fashion? In the past it has been reported that the city has been slow, or late in making these payments. What improvements have been to ensure timely payments of settlements and judgments? What problems, if any does the Law Department staff encountered in ensuring timely payments?
8. On page 32-2 of the Executive Budget document the following statement is made: "The Law Department is looking to increase the number of attorneys assigned to 36th District Court in an effort to reduce the number of cases dismissed that result in lost revenue to the City. The Law Department stands to significantly increase the amount of money collected..." Please elaborate on the overall situation. How many attorneys are currently assigned? What percent of the time does the current level of assigned attorneys cover? How much do they generate in revenue? How many attorneys are needed in total for complete coverage? How much additional revenue would this generate? Are the revenue estimates based on hard data or a "feeling" of what is happening?
9. When will the document management system, electronic filing of pleadings and documents, and digitization of documents project be completed?
10. Are there any suggestions you can make to Council to improve the overall risk management process of the City of Detroit? What will it take to implement these suggestions?
11. What notification, if any, do operating city departments receive when settlements, claims or judgments are made that resulted from the activities of the department? Does the notification include any suggested corrective actions that could minimize future claims of a similar nature?

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